

PREVAILED

Roll Call No. _____

FAILED

Ayes _____

WITHDRAWN

Noes _____

RULED OUT OF ORDER

HOUSE MOTION _____

MR. SPEAKER:

I move that House Bill 2005 be amended to read as follows:

- 1 Page 1, line 2, delete "Except as".
- 2 Page 1, line 3, delete "provided in IC 6-1.1-8.8,".
- 3 Page 1, line 3, strike "if" and insert "If".
- 4 Page 1, delete lines 14 through 16.
- 5 Page 2, delete lines 1 through 36.
- 6 Page 2, before line 37, begin a new paragraph and insert the
- 7 following:
- 8 "SECTION 2. IC 6-1.1-10-16, AS AMENDED BY P.L.198-2001,
- 9 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 10 MARCH 1, 2002 (RETROACTIVE)]: Sec. 16. (a) All or part of a
- 11 building is exempt from property taxation if it is owned, occupied, and
- 12 used by a person for educational, literary, scientific, religious, or
- 13 charitable purposes.
- 14 (b) A building is exempt from property taxation if it is owned,
- 15 occupied, and used by a town, city, township, or county for educational,
- 16 literary, scientific, fraternal, or charitable purposes. **Any portion of a**
- 17 **building used for a purpose other than educational, literary,**
- 18 **scientific, fraternal, or charitable purposes is not exempt from**
- 19 **property taxation. For the purposes of assessment, a building may**
- 20 **be divided into portions that are either exempt or not exempt from**
- 21 **property taxation.**
- 22 (c) A tract of land, including the campus and athletic grounds of
- 23 an educational institution, is exempt from property taxation if:
- 24 (1) a building **used predominantly for educational, literary,**
- 25 **scientific, fraternal, or charitable purpose** ~~which that~~ is

exempt under subsection (a) or (b) is situated on it; and
(2) the tract ~~does not exceed:~~ **is owned and actively used by a person primarily for educational, literary, scientific, religious, or charitable purposes.**

(A) ~~one hundred fifty (150) acres in the case of:~~

(i) ~~an educational institution;~~

(ii) ~~a tract that was exempt under this subsection on March 1, 1987; or~~

(B) ~~two hundred (200) acres in the case of a local association formed for the purpose of promoting 4-H programs; or~~

(C) ~~fifteen (15) acres in all other cases.~~

(d) A tract of land is exempt from property taxation if:

(1) it is purchased for the purpose of erecting a building ~~which~~ **that** is to be owned, occupied, and used in such a manner that the building will be exempt under subsection (a) or (b); **and**

~~(2) the tract does not exceed:~~

(A) ~~one hundred fifty (150) acres in the case of:~~

(i) ~~an educational institution; or~~

(ii) ~~a tract that was exempt under this subsection on March 1, 1987;~~

(B) ~~two hundred (200) acres in the case of a local association formed for the purpose of promoting 4-H programs; or~~

(C) ~~fifteen (15) acres in all other cases; and~~

~~(3)~~ (2) not more than three (3) years after the property is purchased, and for each year after the three (3) year period, the owner demonstrates substantial progress **and active pursuit** towards the erection of the intended building and use of the tract for the exempt purpose. To establish that substantial progress is being made, the owner must prove the existence of factors such as the following:

(A) Organization of and activity by a building committee or other oversight group.

(B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within three (3) years.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the building is an active plan and that the building is capable of being completed within six (6) years considering the circumstances of the owner.

(e) Personal property is exempt from property taxation if it is owned and used in such a manner that it would be exempt under subsection (a) or (b) if it were a building.

(f) A hospital's property ~~which~~ **that** is exempt from property taxation under subsection (a), (b), or (e) shall remain exempt from property taxation even if the property is used in part to furnish goods

or services to another hospital whose property qualifies for exemption under this section.

(g) Property owned by a shared hospital services organization ~~which that~~ is exempt from federal income taxation under Section 501(c)(3) or 501(e) of the Internal Revenue Code is exempt from property taxation if it is owned, occupied, and used exclusively to furnish goods or services to a hospital whose property is exempt from property taxation under subsection (a), (b), or (e).

(h) This section does not exempt from property tax an office or a practice of a physician or group of physicians that is owned by a hospital licensed under IC 16-21-1 or other property that is not substantially related to or supportive of the inpatient facility of the hospital unless the office, practice, or other property:

- (1) provides or supports the provision of charity care (as defined in IC 16-18-2-52.5), including providing funds or other financial support for health care services for individuals who are indigent (as defined in IC 16-18-2-52.5(b) and IC 16-18-2-52.5(c)); or
- (2) provides or supports the provision of community benefits (as defined in IC 16-21-9-1), including research, education, or government sponsored indigent health care (as defined in IC 16-21-9-2).

However, participation in the Medicaid or Medicare program alone does not entitle an office, practice, or other property described in this subsection to an exemption under this section.

(i) A tract of land or a tract of land plus all or part of a structure on the land is exempt from property taxation if:

- (1) the tract is acquired for the purpose of erecting, renovating, or improving a single family residential structure that is to be given away or sold:

- (A) in a charitable manner;
- (B) by a nonprofit organization; and
- (C) to low income individuals who will:
 - (i) use the land as a family residence; and
 - (ii) not have an exemption for the land under this section;

~~(2) the tract does not exceed three (3) acres;~~

~~(3) (2)~~ the tract of land or the tract of land plus all or part of a structure on the land is not used for profit while exempt under this section; and

~~(4) (3)~~ not more than three (3) years after the property is acquired for the purpose described in subdivision (1), and for each year after the three (3) year period, the owner demonstrates substantial progress **and active pursuit** towards the erection, renovation, or improvement of the intended structure. To establish that substantial progress is being made, the owner must prove the existence of factors such as the following:

- (A) Organization of and activity by a building committee or other oversight group.
- (B) Completion and filing of building plans with the appropriate local government authority.

(C) Cash reserves dedicated to the project of a sufficient amount to lead a reasonable individual to believe the actual construction can and will begin within six (6) years of the initial exemption received under this subsection.

(D) The breaking of ground and the beginning of actual construction.

(E) Any other factor that would lead a reasonable individual to believe that construction of the structure is an active plan and that the structure is capable of being:

(i) completed; and

(ii) transferred to a low income individual who does not receive an exemption under this section;

within six (6) years considering the circumstances of the owner.

(j) An exemption under subsection (i) terminates when the property is conveyed by the nonprofit organization to another owner. When the property is conveyed to another owner, the nonprofit organization receiving the exemption must file a certified statement with the auditor of the county, notifying the auditor of the change not later than sixty (60) days after the date of the conveyance. The county auditor shall immediately forward a copy of the certified statement to the county assessor. A nonprofit organization that fails to file the statement required by this subsection is liable for the amount of property taxes due on the property conveyed if it were not for the exemption allowed under this chapter.

(k) If property is granted an exemption in any year under subsection (i) and the owner:

(1) ceases to be eligible for the exemption under subsection (i)(4);

(2) fails to transfer the tangible property within six (6) years after the assessment date for which the exemption is initially granted; or

(3) transfers the tangible property to a person who:

(A) is not a low income individual; or

(B) does not use the transferred property as a residence for at least one (1) year after the property is transferred;

the person receiving the exemption shall notify the county recorder and the county auditor of the county in which the property is located not later than sixty (60) days after the event described in subdivision (1), (2), or (3) occurs. The county auditor shall immediately inform the county assessor of a notification received under this subsection.

(l) If subsection (k)(1), (k)(2), or (k)(3) applies, the owner shall pay, not later than the date that the next installment of property taxes is due, an amount equal to the sum of the following:

(1) The total property taxes that, if it were not for the exemption under subsection (i), would have been levied on the property in each year in which an exemption was allowed.

(2) Interest on the property taxes at the rate of ten percent (10%) per year.

(m) The liability imposed by subsection (l) is a lien upon the

property receiving the exemption under subsection (i). An amount collected under subsection (l) shall be collected as an excess levy. If the amount is not paid, it shall be collected in the same manner that delinquent taxes on real property are collected.

(n) Property referred to in this section shall be assessed to the extent required under IC 6-1.1-11-9.

(o) An exemption under this chapter terminates when the property is conveyed by the nonprofit organization to another owner. If the sale price of the property exceeds the original price paid for the property, the nonprofit organization is liable for the amount of property taxes due on the property conveyed if it were not for the exemption allowed under this chapter. Property taxes collected shall not exceed the amount due for the three (3) consecutive years immediately prior to the date of sale.

(p) Except as provided in subsection (d), a tract of land or any portion of a tract of land is not exempt from taxation if it is owned by a person primarily for educational, literary, scientific, religious, or charitable purposes and is not actively used for educational, literary, scientific, religious, or charitable purposes. For the purposes of assessment, a tract of land may be divided into portions that are either exempt or not exempt from property taxation.

(q) A person who wishes to have a building or tract of land classified as exempt from property taxation under this section must have had the building or tract of land assessed by the county assessor of the county in which the land is located.

SECTION 3. IC 6-1.1-10-21, AS AMENDED BY P.L.198-2001, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE March 1, 2002 (RETROACTIVE)]: Sec. 21. (a) The following tangible property is exempt from property taxation if it is owned by, or held in trust for the use of, a church or religious society:

(1) A building ~~which~~ **that** is used for religious worship.

~~(2) Buildings that are used as parsonages.~~

~~(3) (2) The pews and furniture contained within a building which~~ **that** is used for religious worship.

(4) The tract of ~~land; not exceeding fifteen (15) acres; land~~ upon which a building described in this ~~section~~ **that is used for religious worship** is situated.

(b) A building that is used as a parsonage is exempt from property taxation if it is owned by, or held in trust for the use of, a church or religious society.

~~(b)~~ (c) To obtain an exemption for parsonages, a church or religious society must provide the county auditor with an affidavit at the time the church or religious society applies for the exemptions. The affidavit must state that:

(1) all parsonages are being used to house one (1) of the church's or religious society's rabbis, priests, preachers, ministers, or pastors; and

(2) none of the parsonages are being used to make a profit.

The affidavit shall be signed under oath by the church's or religious

society's head rabbi, priest, preacher, minister, or pastor. The county auditor shall immediately forward a copy of the affidavit to the county assessor.

~~(c)~~ **(d)** Property referred to in this section shall be assessed to the extent required under IC 6-1.1-11-9.

SECTION 4. IC 6-1.1-11-8, AS AMENDED BY P.L.90-2002, SECTION 105, IS AMENDED TO READ AS FOLLOWS: Sec. 8. **(a)** On or before August 1 of each year, the county auditor of each county shall forward to the department of local government finance the duplicate copies of all approved exemption applications.

(b) The department of local government finance shall review the approved applications **forwarded under subsection (a)**. The department of local government finance may deny an exemption if the department determines that the property is not tax exempt under the laws of this state. However, before denying an exemption, the department of local government finance must give notice to the applicant, and the department must hold a hearing on the exemption application.

(c) With respect to the approved applications forwarded under subsection (a), the department shall, on or before August 1 of each year, report to the executive director of the legislative services agency:

- (1) the number forwarded;**
- (2) the number subjected to field investigation by the department; and**
- (3) the number denied by the department;**

during the year ending on July 1 of the year.

(d) The department of local government finance may investigate any approved application forwarded under subsection (a). The investigation may include inspection of:

- (1) the exempt property; and**
- (2) relevant books and records of the person claiming the exemption.**

Refusal of a person claiming an exemption to permit inspection of the property or relevant books and records constitutes grounds for denying the exemption.

(e) The department shall adopt rules under IC 4-22-2 with respect to exempt real property to:

- (1) provide just valuations; and**
- (2) ensure that assessments are:**
 - (A) made; and**
 - (B) recorded;**

in accordance with law.

SECTION 5. IC 6-1.1-21-4, AS AMENDED BY P.L.192-2002(ss), SECTION 41, IS AMENDED TO READ AS FOLLOWS: Sec. 4. *Effective 1-1-2003.* **(a)** Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

- (1) each county's total eligible property tax replacement amount for that year; plus**

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the

fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), the department shall not distribute under subsection (b) and section 10 of this chapter the money attributable to the county's property reassessment fund if, by the date the distribution is scheduled to be made, the county auditor has not:

(1) sent a certified statement required to be sent by that date under IC 6-1.1-17-1; or

(2) forwarded the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a);

to the department of local government finance.

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the state board or the department shall not distribute under subsection (b) and section 10 of this chapter a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by August 1 as described in this section bears to the total number of townships in the county.

(g) Money not distributed ~~under~~ **for the reason stated in subsection (e)(1)** shall be distributed to the county when the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1 with respect to which the failure to send resulted in the withholding of the distribution under subsection (e). **Money not distributed for the reason stated in subsection (e)(2) shall be distributed to the county when the county auditor forwards to the department of local government finance the approved exemption applications required to be sent under IC 6-1.1-11-8(a) with respect to which the failure to forward resulted in the withholding of the distribution under subsection (e).** Money not distributed for the reasons stated in subsection (e)(1) and (e)(2) shall be distributed to the county when the county auditor:

(1) sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; and

(2) forwards to the department of local government finance

1 **the certified statement required to be sent under IC 6-1.1-11-**
 2 **8(a);**
 3 **with respect to which the failure to forward resulted in the**
 4 **withholding of the distribution under subsection (e).**

5 (h) Money not distributed under subsection (f) shall be distributed
 6 to the county when the elected township assessors in the county, the
 7 elected township assessors and the county assessor, or the county
 8 assessor transmits to the department of local government finance the
 9 data required to be transmitted under IC 6-1.1-4-25(b) with respect to
 10 which the failure to transmit resulted in the withholding of the
 11 distribution under subsection (f).

12 (i) The restrictions on distributions under subsections (e) and (f)
 13 do not apply if the department of local government finance determines
 14 that:

15 (1) the failure of a county auditor to send

16 **(A) a certified statement; or**

17 **(B) copies of all approved exemption applications;**

18 as described in subsection (e); or

19 (2) the failure of an official to transmit data as described in
 20 subsection (f);

21 is justified by unusual circumstances."

22 Page 2, delete lines 37 through 42.

23 Page 3, delete lines 1 through 26.

24 Page 3, before line 27, begin a new paragraph and insert the
 25 following:

26 "SECTION 6. IC 14-33-7-4 IS AMENDED TO READ
 27 AS FOLLOWS [EFFECTIVE March 1, 2002
 28 (RETROACTIVE)]: Sec. 4. (a) This section applies to the
 29 following tangible property owned by or held in trust for the use
 30 of a church or religious society:

31 (1) A building that is used for religious worship.

32 (2) A building that is used as a parsonage.

33 (3) The pews and furniture contained within a building
 34 that is used for religious worship.

35 (4) ~~The land, not exceeding fifteen (15) acres, land~~ upon
 36 which a building ~~described in this section~~ **used as a**
 37 **parsonage** is situated.

38 **(5) The land upon which a building used for religious**
 39 **worship is situated.**

40 (b) Property is exempt from the special benefits tax that
 41 may be imposed under:

42 (1) IC 14-33-6-13 and section 1 of this chapter; or

43 (2) IC 14-33-21-5;

44 to the extent that the special benefits tax revenue will be used
 45 for the construction or improvement of a water impoundment
 46 project, including a lake, pond, or dam.

(c) To obtain an exemption for a parsonage, a church or religious society must provide the county auditor with an affidavit at the time the church or religious society applies for the exemption. The affidavit must:

(1) state:

(A) that all parsonages are being used to house one

(1) of the church's or religious society's rabbis, priests, preachers, ministers, or pastors; and

(B) that none of the parsonages are being used to make a profit; and

(2) be signed under oath or affirmation by the church's or religious society's head rabbi, priest, preacher, minister, pastor, or designee of the official church body.

SECTION 7. [EFFECTIVE UPON PASSAGE] (a) A church or religious institution may file a claim with the county auditor for a refund for the payment of property taxes first due and payable in 2001 if:

(1) the church or religious institution challenged in an administrative action before the state board of tax commissioners (before it was abolished) the denial of exemption of land for that year by the county property tax assessment board of appeals; and

(2) the church or religious institution paid property taxes for that year on land not exceeding fifteen (15) acres for which exemption was denied as described in subdivision (1).

The claim must be filed as set forth in IC 6-1.1-26-1, except that the claim must be based upon a determination of the exemption of the property of the church or religious institution as if IC 6-1.1-10-16, as amended by this act, had been in effect for property taxes first due and payable in 2001.

(b) Upon receiving a claim filed under this SECTION, the county auditor shall determine whether the claim is correct. If the county auditor determines that the claim is correct, the auditor shall, without an appropriation being required, issue a warrant to the claimant payable from the county general fund for the amount due the claimant under this SECTION.

(c) The amount of the refund shall equal the amount of the claim so allowed. Interest of four percent (4%) per year is payable on the refund.

(d) This SECTION expires January 1, 2004.

1 SECTION 8. [EFFECTIVE UPON PASSAGE] (a) IC 6-
2 **1.1-10-16 (subject to SECTION 6 of this act), IC 6-1.1-10-**
3 **21, and IC 14-33-7-4, all as amended by this act, apply only**
4 **to property taxes first due and payable after December 31,**
5 **2002.**

6 **(b) This SECTION expires January 1, 2004.**

7 SECTION 9. **An emergency is declared for this act."**

8 Page 3, delete lines 27 through 31.

9 Renumber all SECTIONS consecutively.

(Reference is to HB 2005 as printed February 17, 2003.)

Representative SCHOLER